



DEFENSE FINANCE AND ACCOUNTING SERVICE

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JUL 7 1997

(DFAS-HQ/FMM)

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- INDIANAPOLIS CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- KANSAS CITY CENTER
PROGRAM MANAGER, DEFENSE JOINT MILITARY PAY SYSTEM

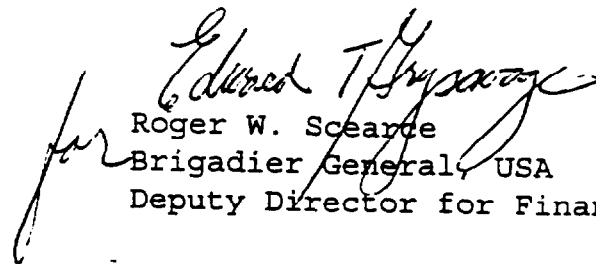
SUBJECT: Department of Defense Financial Management Regulation,
Volume 7, Part A and B (DoDFMR Vol 7A and 7B), Standard
Procedures and Dollar Thresholds for Routine Pay
Adjustments (DFAS Item F-65) and Other Clarifying
Corrections to Table 50-6.

This is Interim Change Number 20-97 to DoDFMR Vol 7A and
Interim Change Number R-15-97 to DoDFMR Vol 7B. We have
evaluated your comments on the draft changes to DoDFMR Vol 7A and
7B. These changes incorporate revised standard procedures and
dollar thresholds for routine pay adjustments and debts collected
in accordance with 37 U.S.C. 1007(d) and 5 U.S.C., 5514 (a) (1)
and 31 U.S.C. 3716. The attached final versions of the changes
include your comments, where appropriate. This is effective
immediately.

We have determined this regulatory change is to be
implemented under the auspices of DFAS Regulation 7920.3-R.
The purpose of the changes is to establish standard debt
procedures and dollar thresholds for processing under the Defense
Joint Military Pay System (DJMS), the Marine Corps Total Force
System (MCTFS), and the Defense Retiree and Annuitant System
(DRAS). The DJMS PMO, DFAS-CL, and DFAS-KC will ensure the
necessary systems changes are scheduled for implementation in
DJMS (active component and reserve component), DRAS, and MCTFS.
Centers are advised to make DFAS Headquarters (FM) an information

addressee on implementing field procedures. For the Denver Center, use the attached to initiate the formal printed changes to DoDFMR Vol 7A and 7B.

Our point of contact, Ms Ann Cook may be contacted at DSN 332-5274 or Commercial (703) 602-5275. Our FAX number is DSN 332-5271 or Commercial (703) 602-5271.


for Roger W. Searle
Brigadier General, USA
Deputy Director for Finance

Attachments:

As stated

cc: DASD (MMP) COMP
ODGC(F)
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-DE/DG

1. Change DoDFMR, Volume 7A, paragraph 500104A1 to read:

"500104A1. Categories of Debt.

a. All debts will be divided into three categories: adjustments of \$100 or less, routine adjustments of greater than \$100, and debts requiring due process. A routine adjustment corrects an overpayment resulting from clerical or administrative errors, delays in processing pay documents, or an automated pay system error which is discovered and collected within no more than two monthly pay periods after the date of overpayment. The member shall be provided with notice of adjustment when it is made, or as soon thereafter as practicable.

b. Categories:

(1) Adjustments of \$100 or less. Such adjustments regardless of when discovered or collected will be treated the same as routine adjustments for collection purposes. The member shall be provided with notice of adjustment when it is made, or as soon thereafter as practicable.

(2) Routine adjustments greater than \$100 will be processed for collection in the month in which the debt is discovered. The system will generate an advisory LES remark and management notice regarding an impending collection against the member's account. This notice provides an opportunity for the member to correct any errors or request a different repayment schedule. If the repayment schedules are not changed, the system will automatically collect the debt.

(3) Debts greater than \$100 that require formal notification to the member in the form of a due process letter from the servicing field office. The field office will initiate formal due process of the member after receipt of a management notice from the pay system and initiate debt collection based on an appropriate liquidation schedule.

c. Current Month Overpayments. Entitlement overpayments identified during the current month are not scheduled as debt when the member's current EOM pay is adequate to collect the overpayment using the 2/3rds rule. The member's

pay will be automatically adjusted to eliminate the overpayment during the EOM payment processing.

d. "No Pay Due" Notice. As a precaution to prevent avoidable hardship to the member, a "no pay due" management notice will be generated to the servicing field office when a debt creates a "no pay due" situation for that member.

e. Separation. When a member is expected to be separated within the next ninety (90) days, the system will accelerate entitlement related debt schedules to collect all available funds prior to separation."

2. Change paragraph 500104A2 to read.

"500104A2. Due Process Debts. Before initiating any collection action other than adjustments as defined in paragraph 500104A1, the member shall...."

3. Change paragraph 500104B3 to read:

"500104B3. Due Process. Debts collected under 5 U.S.C. 5514 (reference (cl)) are those owed to departments or agencies other than the Department of Defense or other Uniformed Services. The creditor agency is responsible for providing due process to member debtors and for certifying to the Secretary of Defense that due process rights have been provided when requesting collection action. The requirement for due process does not apply to routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, if at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustments. Once the Secretary of the Service concerned or the Secretary's designee accepts the debt for collection, members must be provided written notice informing them of the nature and amount of the debt due the United States and the intent to commence collection through deductions from pay. The notice should provide a point of contact at the creditor agency for any questions or disputes the member may have."

4. Change Table 50-6, Rates of Collection, to reflect the following:

a. Insert new note 1 to read:

"Note 1. For Army and Air Force enlisted members do not exceed the maximum limitation specified in subparagraph 500104A4. This limitation does not apply to enlisted members whose accounts are being settled on discharge for fraud, desertion, or because of mental incompetency."

b. Delete note 3.

c. Renumber current note 1 to read: "Note 3. Do not exceed maximum limitation specified in subparagraph 500104A4."

d. Revise Rule 2, Column D, note reference to read: "(note 1)".

e. Delete Rule 4.

f. Renumber Rule 5 to 4 and revise Column E note reference to read: "(note 3)".

5. Add the following to the bibliography:

"Paragraph

Citation

500104B3

5 U.S.C. as amended
Pub. L. 104-134, Sec 301,
26 Apr 1996"